

Message Text

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PAGE 01 BONN 10280 251718Z

64

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 AGR-05 STR-04 AID-05

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00

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FM AMEMBASSY BONN

TO SECSTATE WASHDC 0989

INFO AMEMBASSY PARIS

AMEMBASSY BRASILIA

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PASS DEPARTMENT OF AGRICULTURE FOR OILSEEDS AND PRODUCTS/
FCA

E.O. 11652:N/A

TAGS: EAGR, GW

SUBJECT: GERMAN TRADE REACTION TO RECENT SOYBEAN DEAL
BETWEEN DREYFUSS CO. IN PARIS AND BANTRADE IN BRAZIL

1. GERMAN TRADE PRESS JUNE 24 DISCLOSED PENDING CONTRACT
BETWEEN DREYFUSS CO. IN PARIS AND BANTRADE IN BRAZIL
FOR GUARANTEED DELIVERY OF 300,000 METRIC TONS PER YEAR
OF SOYBEANS. CONTRACT IS SAID TO BE VALID FOR FIVE
YEARS WITH DELIVERY TO BEGIN IN 1977. DESTINATION SAID
TO BE A NEW OR EXPANDED CRUSHING PLANT IN BORDEAUX.

2. EXTENSIVE CONTACTS WITH FRG TRADE YIELDED THE FOLLOW-
ING ADDITIONAL INFORMATION AND REACTION: ACCORDING TO
TRADE SOURCES, BANTRADE IS THE EXPORT ARM FOR THE
BRAZILIAN AGRICULTURAL MINISTRY SO THAT THE ARRANGEMENT
IS AT LEAST QUASI OFFICIAL. HOWEVER, THE FRENCH
GOVERNMENT REPORTEDLY IS NOT INVOLVED IN THIS

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PAGE 02 BONN 10280 251718Z

ARRANGEMENT.

3. OUR SOURCES HAD NO DETAILS CONCERNING PRICE CONSIDERATION SO THAT THE CONTRACT APPEARS TO BE LIMITED TO A GUARANTEE OF 300,000 TONS AND A GUARANTEED MARKET FOR THIS QUANTITY. THE CRITICAL QUESTION IS WHETHER SUCH A CONTRACT WOULD BE FULFILLED IN THE EVENT OF A TIGHT SUPPLY SITUATION. MOST RESPONDENTS FELT THAT THE ARRANGEMENT WOULD BE A REAL GUARANTEE UNDER SUCH CONDITIONS.

4. TRADE FELT THAT TONNAGE INVOLVED WAS MUCH TOO SMALL TO BE OF CONCERN OR INFLUENCE UPON NORMAL INTERNATIONAL TRADE.

5. COMMENT: OUR INTEREST WAS ORIENTED MORE TOWARD THE NATURE OF AND MOTIVES BEHIND THE ARRANGEMENT, PARTICULARLY IN LIGHT OF A RECENT GERMAN/BRAZILIAN AGREEMENT ON SOYBEANS AND IN LIGHT OF REPORTS THAT MARUBENI PLANS TO BUY OR HAS BOUGHT SOME 20,000 HECTARES OF SOYBEAN ACREAGE. WHILE THE INFORMATION AVAILABLE TO US HERE CONCERNING SUCH ARRANGEMENTS IS ADMITTEDLY SPOTTY, THERE ARE HINTS THAT BRAZIL MAY BE GRADUALLY OBTAINING MARKET ACCESS AGREEMENTS WITH MAJOR USERS AROUND THE GLOBE FOR FUTURE BRAZILIAN SOYBEAN CROPS. WOULD APPRECIATE COMMENTS BY BRAZILIA AND PARIS.
HILLENBRAND

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